

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

No. C 08-00096 CW

JENS ERIK SORENSEN, as Trustee of
SORENSEN RESEARCH AND DEVELOPMENT
TRUST,

ORDER DENYING
AMPRO'S MOTION TO
DISMISS

Plaintiff,

v.

AMPRO TOOLS CORPORATION; FRENWAY
PRODUCTS, INC.; AMPRO NORTH AMERICA
CORP.; and SCOTT WANG,

Defendants.

Defendant AmPro Tools Corporation (AmPro) moves to dismiss the complaint filed by Plaintiff Jens Erik Sorensen (Sorensen) or, in the alternative, to stay the proceedings pending the final outcome of the re-examination by the U.S. Patent Office (PTO) of the patent at issue in this case. Sorensen opposes the motions. The Court has taken the matter under submission. Having considered the papers submitted and the applicable law, the Court denies AmPro's motions.

BACKGROUND

This is a patent infringement case involving U.S. Patent No. 4,935,184 ('184 patent), entitled "Stabilized Injection Molding When Using a Common Mold Part with Separate Complimentary Mold

1 Parts." Sorensen owns the '184 patent, which was issued on June
2 19, 1990. Sorensen alleges that AmPro, "in the past and presently
3 make[s], import[s] into, sell[s] and/or offer[s] for sale within
4 the United States and this District, one or more products for which
5 the two plastic component external plastic shells are manufactured
6 through processes which incorporate all elements of the '184
7 patent." First Amended Complaint (FAC) ¶ 18. The products at
8 issue are four types of tape measures. Sorensen also alleges that
9 AmPro has not "obtained a license or any other valid authorization
10 for import, sale, or offer for sale in the United States of
11 products manufactured through use of the '184 patented process."
12 Id. at ¶ 19.

13 On December 20, 2006, Sorensen sent AmPro a detailed letter,
14 accompanied by drawings and charts, which described the
15 infringement. The letter requested that AmPro provide evidence
16 necessary to verify that the manufacturing process it used to make
17 its tape measures was not the '184 process. Sorensen alleges that
18 AmPro has not produced such evidence. On January 7, 2008, Sorensen
19 filed this lawsuit. Ampro failed timely to respond to the
20 complaint. On March 26, 2008, at Sorensen's request, the clerk
21 entered default against AmPro.¹ On October 28, 2008, Ampro moved
22 to file responsive pleadings, which the Court interpreted as a
23 motion to set aside the default. The Court set aside the entry of
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25 ¹Sorensen's original complaint listed AmPro Tools Corp. as the
26 only Defendant; therefore the clerk's entry of default is against
27 only it. Sorensen's operative complaint, the first amended
28 complaint, lists AmPro Tools Corp., Frenway Products Inc., AmPro
North America Corp. and Scott Wang as Defendants. However, at the
time Defendant AmPro Tools Corp. filed this motion to dismiss, none
of the other Defendants had been served.

1 default on January 6, 2009. On January 15, 2009, AmPro filed the
2 instant motion.

3 DISCUSSION

4 I. Motion to Stay Proceedings

5 As the Federal Circuit has noted, "Courts have inherent power
6 to manage their dockets and stay proceedings, including the
7 authority to order a stay pending conclusion of a PTO examination."
8 Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988)
9 (citation omitted). While courts are not required to stay judicial
10 proceedings pending re-examination of a patent, a stay for purposes
11 of re-examination is within the district court's discretion. See,
12 e.g., Patlex Corp. v. Mossinghoff, 758 F.2d 594, 603 (Fed. Cir.
13 1985). One court in this district has noted that there is "a
14 liberal policy in favor of granting motions to stay proceedings
15 pending the outcome" of re-examination or re-issuance proceedings,
16 especially in cases that are still in the initial stages of
17 litigation and where there has been little or no discovery. ASCII
18 Corp. v. STD Entm't USA, Inc., 844 F. Supp. 1378, 1381 (N.D. Cal.
19 1994).

20 The re-examination at issue in this case arises from the
21 actions of two companies not parties to this case, Black & Decker
22 Corp. and Phillips Plastics Corp. They filed ex parte requests
23 with the PTO for re-examination of the '184 patent in July and
24 December, 2007, respectively. The PTO has not issued a final
25 decision on the re-examination; however, in a non-final office
26 action dated October 31, 2008, of the ten claims that comprise the
27 '184 patent, the PTO confirmed claims two and four, and rejected
28 claims one and six through ten.

1 In determining whether to stay a case pending re-examination,
2 a court may consider the following factors: (1) whether discovery
3 is complete and whether a trial date has been set; (2) whether a
4 stay would simplify the issues in question and trial of the case;
5 and (3) whether a stay would unduly prejudice or present a clear
6 tactical disadvantage to the non-moving party. In re Cygnus
7 Telecomm. Tech., LLC Patent Litig., 385 F. Supp. 2d 1022, 1023
8 (N.D. Cal. 2005). On balance, the factors here weigh against a
9 stay.

10 Discovery in this case is still in its early stages and no
11 trial date has been set. Thus this factor would normally weigh in
12 favor of a stay. However, Sorensen argues that discovery would be
13 further along, had AmPro not refused to participate in the
14 proceedings for almost one year. Sorensen also asserts that AmPro
15 did not even begin to respond to his claim until the clerk made the
16 default entry. AmPro does not address these accusations.

17 It is not clear whether staying the case will simplify the
18 issues in question and the trial of the case. AmPro asserts that
19 Sorensen's case would have to be dismissed if the final decision on
20 the re-examination invalidates those parts of Sorensen's patent
21 that apply to AmPro. However, it is not certain which patent
22 claims apply to the present litigation, and the outcome of the re-
23 examination is far from certain.

24 Finally, the Court addresses whether entering a stay in this
25 case will unduly prejudice and present a clear tactical advantage
26 to the non-moving party, Sorensen. As noted above, AmPro has
27 already stalled this action for almost one year. Sorensen argues
28 that further delay will only increase the likelihood of loss of

1 evidence. See Telemac Corp. v. Teledigital, Inc., 450 F. Supp. 2d
2 1107, 1111 (N.D. Cal. 2006) (concluding that staying the case could
3 lead to "further loss of information" and a "tactical advantage.").
4 The Court agrees. Further, the length of time required for the re-
5 examination is unknown. After balancing this uncertainty with the
6 current stage of the proceeding, the potential delay would likely
7 prejudice Sorensen. In sum, the three factors weigh against
8 granting AmPro's motion to stay the proceeding.

9 II. Motion to Dismiss for Failure to State a Claim

10 A complaint must contain a "short and plain statement of the
11 claim showing that the pleader is entitled to relief." Fed. R.
12 Civ. P. 8(a). When considering a motion to dismiss under Rule
13 12(b)(6) for failure to state a claim, dismissal is appropriate
14 only when the complaint does not give the defendant fair notice of
15 a legally cognizable claim and the grounds on which it rests.
16 Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 552 (2007). In
17 considering whether the complaint is sufficient to state a claim,
18 the court will take all material allegations as true and construe
19 them in the light most favorable to the plaintiff. NL Indus., Inc.
20 v. Kaplan, 792 F.2d 896, 898 (9th Cir. 1986).

21 When granting a motion to dismiss, the court is generally
22 required to grant the plaintiff leave to amend, even if no request
23 to amend the pleading was made, unless amendment would be futile.
24 Cook, Perkiss & Liehe, Inc. v. N. Cal. Collection Serv. Inc., 911
25 F.2d 242, 246-47 (9th Cir. 1990). In determining whether amendment
26 would be futile, the court examines whether the complaint could be
27 amended to cure the defect requiring dismissal "without
28 contradicting any of the allegations of [the] original complaint."

1 Reddy v. Litton Indus., Inc., 912 F.2d 291, 296 (9th Cir. 1990).
2 Leave to amend should be liberally granted, but an amended
3 complaint cannot allege facts inconsistent with the challenged
4 pleading. Id. at 296-97.

5 AmPro first argues that Sorensen's complaint should be
6 dismissed because Sorensen is not entitled to a presumption of
7 patent infringement under 35 U.S.C. § 295. That section provides,

8 In actions alleging infringement of a process patent
9 based on the importation, sale, offer for sale, or use
10 of a product which is made from a process patented in
11 the United States, if the court finds --

- 12 (1) that a substantial likelihood exists that the
13 product was made by the patented process, and
14 (2) that the plaintiff has made a reasonable
15 effort to determine the process actually used in
16 the production of the product and was unable so to
17 determine,

18 the product shall be presumed to have been so made, and
19 the burden of establishing that the product was not made
20 by the process shall be on the party asserting that it
21 was not so made.

22 AmPro argues that Sorensen has not made "reasonable efforts to
23 determine the process actually used in the production" of the tape
24 measures at issue in this case. However, Sorensen properly notes
25 that § 295 is not a mandatory element of a patent infringement
26 claim. Rather, it is a burden shifting provision that relieves
27 patent holders of the burden to prove infringement once the patent
28 holder has shown that there is a substantial likelihood that the
product was made with the infringing process, and that reasonable
efforts were made to discover the actual patent process. This
provision has no bearing on the sufficiency of a complaint for
patent infringement.

Further, the parties have not presented the Court with any
evidence on this issue and, on a motion to dismiss, the Court does

1 not weigh evidence. Rather, the Court takes all material
2 allegations as true and construes them in the light most favorable
3 to the plaintiff, Sorensen. NL Indus., Inc. v. Kaplan, 792 F.2d
4 896, 898 (9th Cir. 1986). Thus, the Court does not reach a
5 conclusion about whether Sorensen is entitled to the presumption.²
6 Even if the Court determined that he was not, it would not
7 necessarily be dispositive of Sorensen's case and require dismissal
8 of the complaint.

9 AmPro next argues that the complaint should be dismissed
10 because it did not have actual notice of the process patent
11 infringement action. AmPro argues that § 287(a) limits patent
12 infringement actions to those in which individuals have actual
13 notice of the infringement. Section 287(a) provides that "no
14 damages shall be recovered by the patentee in any action for
15 infringement, except on proof that the infringer was notified of
16 the infringement and continued to infringe thereafter." However,
17 "the law is clear that the notice provisions of section 287 do not
18 apply where the patent is directed to a process or method."
19 American Medical Systems, Inc. v. Medical Engineering Corp., 6 F.3d
20 1523, 1538 (Fed. Cir. 1993); see Bantag, Inc. v. Gerrard Tire
21 Company, Inc., 704 F.2d 1578, 1581 (Fed. Cir. 1983) ("In addition
22 to the clear language of the statute, it is, as noted by the
23 district court, also settled in the case law that the notice
24 requirement of this statute does not apply where the patent is
25 directed to a process or method."). Because Sorensen alleges that
26 AmPro infringed a process patent, the notice provisions of § 287 do

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28 ²The Court declines Ampro's invitation to treat this motion as
one for summary judgment.

1 not apply.

2 Despite this case law to the contrary, AmPro argues that the
3 passage of the Process Patent Act of 1988 (The Act) changed the
4 notice requirements for process patent claims. The Act added
5 § 271(g), which creates liability for companies that import, offer
6 to sell, sell, or use a "product which is made by a process
7 patented in the United States" if the importation, offer to sell,
8 sale or use of the product "occurs during the term of such process
9 patent." The Act expanded the reach of the U.S. patent system
10 beyond the U.S. borders. The Act also added § 287(b), which sets
11 various limits to damages and other remedies available in patent
12 infringement claims. However, nothing in the plain language of
13 §§ 271(g) or 287(b) states that process patent claims require
14 notice of any kind. Moreover, since the passage of the Act, no
15 court has interpreted §§ 271(g) or 287(b) to require such notice.
16 To the contrary, case law since the passage of the Act has stated
17 the opposite. See American Medical Systems, 6 F.3d at 1538;
18 Crystal Semiconductor v. Tritech Microelectronics, 246 F.3d 1336,
19 1353 (Fed. Cir. 2001).³

20 After reviewing the complaint, the Court concludes that
21 Sorensen has successfully alleged the necessary components of a
22 patent infringement claim. To survive a motion to dismiss in a
23 patent infringement claim, "a patentee need only plead facts

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25 ³AmPro also questions facts underlying Sorensen's allegations
26 as to when AmPro had "actual knowledge" of the infringement in
27 relation to when AmPro discontinued selling the products at issue.
28 Because actual notice is not required to sustain a claim for
process patent infringement, the Court need not address this
dispute. Further, this type of factual dispute is not resolved on
a motion to dismiss. See NL Indus., Inc. v. Kaplan, 792 F.2d at
898.


1 sufficient to place the alleged infringer on notice. This
2 requirement ensures that the accused infringer has sufficient
3 knowledge of the facts alleged to enable it to answer the complaint
4 and defend itself." Phonometrics, Inc. v. Hospitality Franchise
5 Sys., Inc., 203 F.3d 790, 794 (Fed. Cir. 2000). Here, Sorensen's
6 complaint sufficiently places Ampro on notice of enough facts to
7 enable it to defend itself.

8 CONCLUSION

9 For the foregoing reasons, AmPro's motions for a stay and to
10 dismiss are denied (Docket No. 54).

11 IT IS SO ORDERED.

12 Dated: 3/9/09



13 CLAUDIA WILKEN
14 United States District Judge
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